

## EXHIBIT 11

June 10, 1999 MDEQ Field Inspection Report

00010  
.10  
BOND  
RELEASE  
INSPECTION  
REPORT

# MONTANA DEPARTMENT OF ENVIRONMENTAL QUALITY

## HARD ROCK PROGRAM

### OPERATING PERMIT - FIELD INSPECTION REPORT

FOR TITLE 82, CHAPTER 4, PART 3 et seq. MCA

Operator: Kootenai Development Co. Date: June 10, 1999

Operating Permit No.: 00010 Project: Libby vermiculite mine County: Lincoln

Legal Description & Nearest City or Town: section 15 and 22, R29W, 8 miles Northeast of Libby

Inspector(s): Patrick Plantenberg, Warren McCullough Company Representative(s): Mark Owens, Jack Wolter

Mineral(s): vermiculite, riprap Agencies w/Overlapping Jurisdiction: ☐ USFS ☐ BLM ☐ Other \_\_\_\_\_ ☒ None

#### Purpose of Inspection

#### Type of Operation

☐ Initial (Pre-permitting)

☒ Open Pit

☒ Regular Compliance

☐ Underground

☐ Amendment # \_\_\_\_\_ MR # \_\_\_\_\_

☐ Placer

☐ Complaint Received

☐ Heap Leach

☒ Bond Release Request

☐ Vat Leach

☐ Other (TOUR, etc) \_\_\_\_\_

☒ Flotation Mill

#### Inspection Checklist

Yes No N/A

#### INITIAL INSPECTION

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Adjacent residents
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Adjacent designated Special Land Uses (Wilderness, ACEC, etc)
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Adjacent surface water
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Site Access Concerns
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Pre-existing historic disturbances
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Site conditions/resources of concern
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Need for additional pre-permitting inspections

#### GENERAL

<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> All mining-related disturbances within permitted & bonded areas
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/> Incremental bonding requirements have been submitted
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Following approved mining plan and permit conditions
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/> Following approved monitoring plans
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Reclamation concurrent with mining

**OPERATING PERMIT - FIELD INSPECTION REPORT - continued**Operator: Kootenai Development Co. \_\_\_\_\_ Date: June 10, 1999Operating Permit No.: 00010 Project: Libby vermiculite mine County: Lincoln

Yes No N/A

**MATERIALS HANDLING**

<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Soil salvage according to plan
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Soil stockpiles properly maintained
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Special handling/stockpiling of materials consistent with plan
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Evidence of uncontained acid rock drainage

**WATER CONTROLS**

<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Erosion-control measures concurrent with mining, BMPs in place
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Erosion/sedimentation problems
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Culverts installed and maintained as approved
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Water discharge(s) occurring
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Diversions maintained and functioning as approved
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Process/storage/settling pond(s) constructed, operating, and maintained as approved
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Adequate freeboard in all solution storage & process facilities

**AIR QUALITY**

<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Air quality control measures operational (including roads)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Air quality problems evident

**FACILITIES**

<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Construction reports properly filed
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Liner integrity problems observed
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Tailing impoundment/heap leach/dump design as approved
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Road construction as approved
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Contingency plans operational
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Public health & safety problems

**OTHER**

<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Noxious weeds present
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Wildlife mitigations in place and functioning
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Wildlife problems observed
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Cultural resource mitigations properly implemented
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Water sample(s) taken
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Materials sample(s) taken
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Photos taken
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Compliance problems observed
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Other: _____

**OPERATING PERMIT - FIELD INSPECTION REPORT - continued**Operator: Kootenai Development Co. Date: June 10, 1999Operating Permit No.: 00010 Project: Libby vermiculite mine County: Lincoln**DISCUSSION (Include the status of ongoing activities and compliance. If the site visit was a tour, include purpose of tour, participants and related post-tour activities that would result.):**

The purpose of the inspection was twofold: to introduce Warren to the site and to review the potential for final bond release.

We discussed noxious weeds and Mark would like information on tansy ragwort and orange and yellow hawkweed. I suggest he order: The Weed Handbook, Series 1-55 from the Wyoming Weed and Pest Council, Box 728, Douglas, WY 82633 (307) 358-2775. KDC was spraying weeds on the site during the inspection.

We started at the Carney Creek sediment control pond. This area is out of the permit boundary. The pond receives sediment from any minor slumps that might occur in the old Carney Creek dump. Sediment does not report to Rainy Creek. The pond has lots of excess capacity and provides assurance that sediment will not get to Rainy Creek. KDC is aware that they have to maintain the pond as a BMP to prevent sediment from reaching Rainy Creek.

Next we toured the impoundment site which is also out of the permit boundary. The Dam Safety Program (DSP) in DNRC has just inspected the facility and gave it their approval. The impoundment wetland vegetation continues to expand each year (see Photo 1). The DSP told KDC to cut down the largest of the trees on the embankment slope. The impoundment receives extensive use from waterfowl, frogs, moose, etc. KDC just completed water quality analysis of the toe drains from the impoundment. Water quality continues to improve and all standards are being met.

The impoundment receives any sediment that washes off the coarse tailings area that is currently in the permit boundary (see Photo 2). No sediment reports to Rainy Creek out of the impoundment area. The coarse tailings area continues to stabilize more and more every year. Fertilization of the tailings would help improve the growth of the vegetation but KDC and DEQ have been reluctant to recommend and implement this practice because of the well drained nature of the coarse tailings and the potential for nitrates to reach Rainy Creek. This has slowed the development of the vegetation on the slopes. Erosion will continue until a stable equilibrium is reached. KDC continues to maintain diversions across the slope to limit erosion and continues to regrade and patch rills and gullies as needed each year. There are no offsite impacts from the annual erosion from the coarse tailings area. The impoundment has plenty of excess capacity to hold any eroding materials from the coarse tailings area over time.

Planted trees continue to grow in the coarse tailings area (see Photo 3). Progress will continue slowly as soil develops and organic matter accumulates. The erosion is limited. The sediment is contained in the impoundment. The water quality is above standards from the impoundment area. The DSP has approved KDC's maintenance and operations plan for the impoundment. Erosion will continue for an unknown number of years, but there is no offsite impacts. The coarse tailings area is ready for bond release.

Next we toured the old mill site and the landfarm. Then we went to the landslide and garbage dump area that KDC has cleaned up. The landslide has dried out and appears to have stabilized, and the vegetation continues to improve on the clean up area. As vegetation continues to develop the landslide will continue to dry out and stabilize. Any minor slumping over the years will not produce off site impacts. The landslide and garbage dump area is ready for full bond release.

Next we inspected the Glory Hole area and syenite rip rap borrow areas. These areas have been reclaimed and the vegetation is well established. They are ready for full bond release (see Photo 4).

Next we toured the oldest areas released from bond on the site (see Photos 4, 5, and 6). Mine knob #2 was released from bond in 1988. It was planted in 1983. The trees continue to grow and vegetation is expanding (see Photo 6). Pit highwalls continue to ravel and produce more natural looking slopes. Knapweed populations have stabilized at levels equal to or less than surrounding unmined areas that have not been treated by the FS. These observations support full bond release on the site. The survey knob (knob #3) was partially released from bond in 1988 and got full bond release in 1994. It also continues to improve over time (see Photo 7).

Finally we toured the base of the Carney Creek dump (see Photo 8). The Carney Creek dump has stabilized since mine traffic has stopped on the upper roads. Vegetation continues to improve. The creek channel has reestablished itself in its new location since the last slump. Natural landslides occur on the slopes in the area indicating the unstable nature of the vermiculite materials.

We will proceed with the full bond release process on the site.

Follow-up Activities Needed: none

Deadline for Follow-up Action: none

Compliance Action Taken/NON No.: none

Abatement Inspection Needed on: none

Exit Interview Conducted With: Mark Owens, Jack Wolter

Authorized  
Signature: Paul J. Kelly Date: 8/24/99

Copy inspection Reports To: Permittee, field file, file

PHOTO  
#1  
1



VIEW OF IMPOUNDMENT OUTLET STREAM CHANNEL.  
WETLANDS CONTINUE TO EXPAND ON IMPOUNDMENT SURFACE.  
DAM SAFETY BUREAU HAS JUST GIVEN BLESSING ON KOC'S  
IMPOUNDMENT PLANS & MAINTENANCE.

PHOTO #2



VIEW OF CHARGE THINGS AREA. AREA CONTINUES TO  
STABILIZE MORE & MORE EVERY YEAR. SEDIMENT  
RESETS TO IMPOUNDMENT & DOES NOT GET TO RAINY CREEK.  
EROSION WILL CONTINUE UNTIL A STABLE EQUILIBRIUM  
IS REACHED. KOC CONTINUES TO MAINTAIN DIVERSIONS  
ACROSS THE SLOPE.

IN LENA DEVELOPMENT, S INSILATION 6/10/99

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PHOTO  
# 3



COARSE TILLAGE AREA FROM ABOVE. PLANTED TREES CONTINUE TO GROW. GROWTH IS SLOW CAUSE OF INHERENT INFERTILITY OF MATERIALS. FERTILIZER USE WOULD HELP BUT COULD COMPLICATE WATER QUALITY PROBLEMS CAUSE OF EXCESSIVE DRAINAGE. PROGRESS WILL CONTINUE SLOWLY AS SOIL DEPLETS + ORGANIC MATTER ACCUMULATES.

PHOTO # 4



GLACIAL HOLE AREA: AREA HAS BEEN RECLAIMED, + SLOPED. SOME BARE AREAS RECLAIMED AS WELL.

PHOTO #5



VIEW FROM KNSB SURVEY POINT OF RECLAIMED MINE & WASTE ROCK DUMP RELEASED FROM PERMIT AREA. RECLAMATION CONTINUES TO IMPROVE SLOWLY. TREES IN FOREGROUND CONTINUE TO GROW.

PHOTO #6



SURVEY KNSB: TREES HAVE GROWN SUBSTANTIALLY SINCE BOND RELEASE.

PHOTO  
#7



VIEW OF OTHER KNOPS FROM SURVEY KNOP, MINE HIGHWAYS  
CONTINUE TO RAVEL + STABILIZE AT ANGLE OF REPOSE. TREES  
IN FOREGROUND HAVE GROWN SUBSTANTIALLY SINCE BOW REVERSE.

CARNEY CREEK POND  
CREATED BY LANDSLIDES  
OFF CARNEY CREEK DUMP.  
CHANNEL HAS STABILIZED  
DUMP SHOWS NO SIGN OF  
NEW MOVEMENT. AS MORE  
VEGETATION DEVELOPS  
STABILITY WILL CONTINUE  
TO INCREASE.



PHOTO # 8